

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6646

BILL NUMBER: HB 1117

DATE PREPARED: Jan 31, 2002

BILL AMENDED: Jan 30, 2002

SUBJECT: Tobacco Sales.

FISCAL ANALYST: John Parkey

PHONE NUMBER: 232-9854

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill prohibits cigarette manufacturers and distributors from requiring retailers to engage in certain display or advertising practices as a condition to participation in certain marketing promotions.

Effective Date: July 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) *Promotional Contracts:* The bill prohibits cigarette manufacturers and distributors from engaging retailers in certain promotion activities. The bill states that persons who have suffered damages as a result of a violation of this provision are entitled to compensation for actual and punitive damages, attorney's fees, and court costs. If additional civil actions occur, revenue to the state General Fund may increase if court fees are collected. A civil filing fee of \$100 would be assessed when a civil case is filed. 70% of the filing fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Tobacco Product Placement: This bill would make it Class C infraction for certain retail establishments to have individual packs of cigarettes within the reach of consumers. If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

If tobacco retailers are found to have violated the requirements of this bill, they could be assessed a civil penalty of up to \$500, depending on the number of times the establishment has been cited in a 90-day period. Penalties would be deposited in the Youth Tobacco Education and Enforcement Fund. The fund is

administered by the Alcohol and Tobacco Commission and is currently funded with fine revenue collected from retailers that sell tobacco products to minors. The fund is used for excise officer training, retailer education, and for the prevention of youth smoking. In FY 2001, the fund received approximately \$125,000 in fine revenue.

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *Court Fee Revenue:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 filing fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: